

ATTACHMENT A

EXHIBIT 8

REPORT OF THE
STATE CORPORATION COMMISSION'S
DIVISION OF COMMUNICATIONS

ON RATES CHARGED TO RECIPIENTS
OF INMATE LONG DISTANCE CALLS

TO S. VANCE WILKINS, JR.
SPEAKER OF THE HOUSE OF DELEGATES

COMMONWEALTH OF VIRGINIA
RICHMOND
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EXECUTIVE SUMMARY

During the 2000 Session of the General Assembly the House Committee on Rules considered House Joint Resolution ("HJR") 262, which requested the State Corporation Commission ("SCC") to study the rates charged to recipients of long distance calls placed by inmates held in state prisons, and local and regional jails. While HJR 262 was not reported, the House Committee on Rules determined that the issues raised in the resolution were important and should be reviewed by the SCC.

By letter, S. Vance Wilkins, Jr., Speaker of the House of Delegates, requested that the SCC's Division of Communications undertake a study of inmate calling. The Speaker provided a copy of HJR 262 as a guidance document. HJR 262 requested that the SCC 1) examine the current charges for inmate calls and 2) make recommendations on any alternatives for the provision of telephone service to inmates.

The Staff of the Division of Communications contacted or met with representatives of the state inmate telephone system, various local/regional inmate telephone systems, state and federal entities charged with oversight of inmate facilities, an association of inmate calling service providers, and inmate families. In addition, we received approximately 30 letters from inmates and their families. Information was gathered regarding the specific rates and surcharges of different companies, alternatives that have been implemented by other inmate facilities, and specific problems encountered with the current state system.

The study discusses collect calls, associated surcharges, and options available to the recipients of inmate collect calls. The current Virginia Department of Corrections contract with MCI WORLDCOM Network Services is discussed along with a comparison of the state rates and various rates for local and regional inmate telephone providers. Attachment 3 to the study provides a detailed comparison of the rates and surcharges for intrastate (intraLATA and interLATA) and interstate inmate and non-restricted automated collect calls.

As requested, the study sets forth modifications that could be implemented to revise the current inmate telephone system along with providing alternatives for the current state and local/regional systems. Of those, we believe there are two which hold the most promise for allowing reductions to calling rates. First, the Legislature should consider requiring the reduction or elimination of the commissions that VDOC or other inmate facilities may collect from the inmate telephone system provider. Any reduction from the current commission level should be passed through to users by reducing the current applicable intrastate and interstate charges or surcharges. Second, we suggest that VDOC and DIT undertake a study to evaluate the feasibility and cost of implementing a debit inmate telephone system in state facilities. This should include feasibility of whether local and regional facilities could be included in such a system.

While providing modifications and recommendations, we believe it is important that before any modification or alternative is adopted, the resulting rates/surcharges, potential

impact on inmate families, and the security and safety for the individual facility and the general public should be considered.

**Report of the State Corporation Commission's
Division of Communications
On Rates Charged To Recipients Of
Inmate Long Distance Calls**

**I.
INTRODUCTION**

During the 2000 Session of the General Assembly the House Committee on Rules considered House Joint Resolution ("HJR") 262, introduced by Delegate James F. Almand, which requested the State Corporation Commission ("SCC") to study the rates charged to recipients of long distance calls placed by inmates held in state prisons, and local and regional jails. While HJR 262 was not reported because of an effort to reduce the number of legislative study resolutions, the House Committee on Rules determined that the issues raised in the resolution were important and should be reviewed by the SCC.

By letter dated March 10, 2000, S. Vance Wilkins, Jr., Speaker of the House of Delegates, requested that the SCC's Division of Communications undertake a study of inmate calling. The Speaker provided a copy of HJR 262 (Attachment 4) as a guidance document, and requested that the Division's findings and recommendations be reported by December 1, 2000. HJR 262 requested that the SCC 1) examine the current charges for inmate calls and 2) make recommendations on any alternatives for the provision of telephone service to inmates.

In gathering information for the study, the Division of Communications met with or contacted various individuals or groups, including the following:

- Inmate Calling Service Providers Coalition.
- Citizens United for Rehabilitation of Errants – Virginia (“CURE – Virginia”).
- Virginia Department of Corrections (“VDOC”).
- Federal Bureau of Prisons (“Federal BOP”).
- California Department of Corrections (“CA DOC”).¹
- Colorado Department of Corrections (“CO DOC”).
- Tennessee Department of Corrections.
- Pay Tel Communications.
- Evercom Systems, Inc., d/b/a Correctional Billing Services.
- ASC Telecom, Inc.², and
- MCI WORLDCOM Network Services (“MCI WORLDCOM”)³

On April 19, 2000, the SCC received a letter from Delegate James F. Almand requesting information on two issues, one relating to the study and one relating to docketed inmate complaint cases pending before the SCC.⁴ Delegate Almand asked how the public could participate in the current study and the pending complaint cases. A response letter was forwarded to Delegate Almand on May 17, 2000. The response included, as an attachment, a form letter from the Staff, which informed individuals of the study and invited comments.

The Staff received approximately 30 letters from inmates and family members. One letter/petition was signed by 53 inmates. The major issues expressed in these letters

¹ CA DOC representatives made an on site visit to the offices of the Federal Bureau of Prisons in Washington D.C. Attachment I includes their analysis of the Federal BOPs inmate telephone system and its applicability to the California corrections system.

² Pay Tel Communications, Evercom Systems, Inc., d/b/a Correctional Billing Services, and ASC Telecom, Inc., provide local and regional inmate calling services in Virginia.

³ MCI WORLDCOM currently holds the VDOC contract to provide inmate telephone service to state correctional facilities.

⁴ Robert E. Lee Jones, Jr. v. MCI WORLDCOM Network Services of Virginia, Inc., MCI WORLDCOM Communications of Virginia, Inc. (collectively “MCI WORLDCOM”), Case No. PUC990157 and Jeffrey D. Barnes v. MCI WORLDCOM, Case No. PUC990246

were: 1) that the calls are too expensive; 2) there are problems with the inmate telephone system (blocks being placed on phones; numbers not working; cut offs before time limit reached); and 3) the amount of commission paid and that the commission is not used for the inmates' benefit. These issues echo the statement made to the Staff during its August 28, 2000, meeting with CURE – Virginia.

The 1996 Appropriation Act directed the Joint Legislative Audit and Review Commission ("JLARC") to examine various issues related to the VDOC's inmate telephone system. The JLARC study was presented to the Governor and General Assembly in January 1997. The study made eleven recommendations (Attachment 2). They addressed issues such as comparable rates and surcharges for inmate calls compared to similar non-inmate calls, extension of the time limit on inmate calls, commissions paid to the state and its use to benefit inmates, participation by the Department of Information Technology ("DIT") in the inmate telephone system, provision of inmate calling statements to inmates, independent audits of timing and billing of calls, consideration of call recipients input during contract negotiations, and advanced notice of any rate/surcharge increases. While some of the recommendations have been acted upon (e.g. audits and comparable rates and surcharges for inmate calls v. similar non-inmate calls), others have not been adopted and remain outstanding.⁵

The SCC has adopted rules governing the regulation of interexchange carriers ("IXCs") and payphone providers. In its *Rules Governing the Certification of Interexchange*

⁵ The Division of Communications believes that some of the outstanding recommendations made in the JLARC study continue to be viable today.

*Carriers*⁶ ("IXC Rules") (20 VAC 5-400-60), the SCC allows facilities-based IXCs to request authority to set rates based upon competitive factors, pursuant to Va. Code § 56-481.1. This section states that the SCC, after making a determination that the services will be provided on a competitive basis, may grant the IXC authority to set its rates based on those competitive factors. This means that an IXC may price its services on a market driven basis without reference to cost or rate base regulation. As of this date, no carrier has been denied such pricing authority.

Additionally, many of the providers of local and/or regional facilities' inmate calling systems are non-facilities based ("resellers") IXC providers⁷. At present, the SCC does not regulate the provision of long distance services by resellers.

The SCC has adopted *Regulations for Pay Telephone Service and Instruments* ("Pay Telephone Rules") (20 VAC 5-400-90) pursuant to Va. Code §§ 56-508.15 and 56-508.16.⁸ These rules established certain requirements that payphone providers had to meet including access to other carriers and price limits. The Pay Telephone Rules also address the potential application of the rules to pay telephone instruments found in confinement institutions. The SCC exempted confinement service providers from these rules, but retained its authority to revisit this exemption should circumstances change.

⁶ Case No. PUC840017, Order issued June 29, 1984.

⁷ Resellers of IXC services have no facilities of their own. They purchase services from facilities-based IXCs and repackage and/or reprice the services and sell them under their name.

⁸ Case No. PUC930013, Order issued November 24, 1993.

II. EXAMINATION AND COMPARISON OF THE CURRENT RATES AND CHARGES FOR INMATE TELEPHONE CALLS

Calls from Virginia inmate facilities, whether state, local, or regional, are made on a collect basis. A collect call, whether handled on a fully automated basis or with the use of a live operator, is one type of operator assisted service where the individual originating the call is not the person paying for it. Collect calls from inmate facilities, as with any collect call, are paid for by the recipient and not by the inmate. Additionally, as with all collect calls, the call is not connected until the receiving party takes some affirmative action. This affirmative action indicates the called party's agreement to accept and pay for the collect call. Most, if not all, inmate telephone systems include a brand before the collect call is accepted which informs the called party that the collect call is from a correctional facility and the name of the caller. Some, if not all, inmate telephone systems give the called party the ability to request the maximum cost of that call, refuse to accept the call, and to restrict additional calls from that inmate to the called party's number.

In addition to the per-minute rate for long distance calls or the flat rate for local calls there is an associated surcharge for handling a collect call. A collect call can be either a local or interexchange call. An interexchange call can be further defined as an intrastate (interLATA or intraLATA) call, interstate call, or international call. While the SCC has jurisdiction only over local and intrastate calls, this study compares both intrastate and interstate rates and charges for inmate collect calls with the applicable rates and charges for non-inmate collect calls.

VDOC currently has a contract with MCI WORLDCOM to provide the inmate telephone system to all state facilities. As the comparisons below and information found in Attachment 3 show, the rates charged for inmate collect calls⁹ are comparable to those charged to MCI WORLDCOM's other customers and to those charged by other carriers. MCI WORLDCOM is currently charging persons accepting collect calls from state facilities a \$1.55 station to station surcharge for intraLATA calls and a \$2.25 station to station surcharge for an intrastate interLATA call. The per minute intraLATA usage rates vary from a low of \$.048 to \$.40 per minute depending on the associated territory of the incumbent local telephone company ("ILEC"), and are distance and time of day sensitive. The per minute rates (and surcharge) for an intraLATA state inmate collect call currently match the collect call rates of the ILEC. The intrastate interLATA usage rate ranges between \$.15 and \$.37 per minute dependent on distance and time of day.

As a comparison (MCI WORLDCOM's tariff has various classifications of operator assisted calls) other intrastate station to station collect calls (but not using an MCI WORLDCOM provided access number) are rated at a \$2.15 surcharge with usage rates ranging between \$.15 and \$.37 per minute. A collect call using an MCI WORLDCOM provided access number (e.g. 1-800-COLLECT) has a per call surcharge of \$1.97 with usage rates between \$.1499 and \$.3699 depending on the time of day and distance.

Inmate collect calls are generally handled on a fully automated basis. The state inmate telephone system includes security features such as a per call time limit, an approved "only" call list, and the recording of calls. While such security features are standard in the state prison system, many of the local or regional facilities may not have all the same security features.

⁹ MCI WORLDCOM's MCI Maximum Security Collect calls rates

While MCI WORLDCOM currently has the contract to provide inmate calling services to state facilities, other providers, including AT&T, provide inmate calling services to local and regional facilities throughout the Commonwealth. The following charts show a comparison of charges for selected collect calls for both inmate and non-inmates.

Intrastate intraLATA collect call

Duration: 15 minutes

Time of Day: Day

Distance: 110 miles

	<u>Rate</u>	<u>Surcharge</u>	<u>Total charge</u>
MCI WORLDCOM inmate	\$ 3.29	1.55	4.84
MCI WORLDCOM automated	5.25	2.15	7.40
AT&T inmate	9.00	3.95	12.95
AT&T automated	9.00	4.99	13.99
Evercom inmate*	2.70 - 7.50	1.55 - 3.00	5.05 - 10.50
ASC inmate	3.29	1.55	4.84
Pay Tel inmate	5.16	1.55	6.71
Verizon Virginia automated	3.29	1.55	4.84

Intrastate interLATA collect call

Duration: 15 minutes

Time of Day: Evening

Distance: 253 miles

	<u>Rate</u>	<u>Surcharge</u>	<u>Total charge</u>
MCI WORLDCOM inmate	\$ 4.35	2.25	6.60
MCI WORLDCOM automated	4.35	2.15	6.50
AT&T inmate	10.35	3.95	14.30
AT&T automated	13.35	4.99	18.34
Evercom inmate*	3.88 – 7.50	1.80 – 3.00	5.68 – 10.50
Pay Tel inmate	5.25	3.00	8.35

* Evercom serves 20 local/regional facilities in Virginia, and uses various rate schedules. The rates in the charts represent the low and high charge based on the various rate schedules.

Interstate collect call

Duration: 15 minutes

Time of Day: Evening

Distance: 2150 miles

	<u>Rate</u>	<u>Surcharge</u>	<u>Total charge</u>
MCI WORLDCOM inmate	\$ 6.75	2.45	9.20
MCI WORLDCOM automated	13.35	4.99	18.34
AT&T inmate	10.35	3.95	14.30
AT&T automated	13.35	4.99	18.34
Evercom inmate	10.35	3.95	14.30
Pay Tel inmate	9.75	3.00	12.75

III.

OPTIONS AND ALTERNATIVES TO THE CURRENT INMATE COLLECT CALL SYSTEM

This section of the study discusses various options and alternatives to the current collect call system used by the state prisons and various local and regional facilities. The Division of Communications believes that the following issues should be considered before adopting any alternative to the current inmate collect call system.

- The resulting rates and surcharges for the inmate calls;
- The potential impact on inmate families; and
- The maximum security and safety for the individual facility and the general public.

Since the Division of Communications has no expertise in prison security and safety, this study does not address such areas.

POSSIBLE MODIFICATIONS/REVISIONS TO THE CURRENT COLLECT ONLY INMATE CALLING SYSTEM

Commissions - Require VDOC, local facilities, and regional facilities to cap, reduce, or eliminate the commissions paid to the facilities.¹⁰ This should be passed through (dollar for dollar) to reduce the surcharge and/or rates for inmate calls. If local or regional facilities use the commission as revenue for operating the facility or inmates services, it may be appropriate to establish a maximum level and require any resulting reduction in

¹⁰ Commissions or lease payments/fees are generally based on the revenues generated by the inmate calls.

the commission to be passed through (dollar for dollar) to the collect call surcharge and/or rates.

We reviewed eleven contracts of one local/regional inmate telephone service provider in Virginia. The commission or lease payment paid to the county, city or facility ranged from 20% to 40%, with there only being one contract at 40%. While the contracts, for the most part, did not contain rates/surcharges, one contract (40% commission) specifically stated that an operator assisted surcharge of \$2.75 was to be charged (interLATA intrastate and interstate calls) plus the AT&T tariffed per minute rates. Most of the contracts reviewed included a statement to the effect that the provider agreed to charge operator assisted rates that were equal to or less than the tariffed rates regulated by the SCC or the Federal Communications Commission.

The current contract between MCI WORLDCOM and VDOC includes a commission based on the revenues generated from the phones used by the inmates. The current commission is 40% and is paid into the Commonwealth's General Fund. During the study some parties voiced concern over the amount of the commission and its role in determining the winner of the state inmate telephone contract. In particular, there was a fear that there would be an incentive in the RFP process to award the contract to the vendor bidding the highest commission. In the Staff's meeting with VDOC, we were advised that in the review and awarding of the state contract the commission proposed by the bidders played a minor role in determining the outcome of the process. The payment of a commission between payphone providers and payphone location providers is a common and accepted practice around the country.

Time limits – Consider lengthening the time limit on calls (e.g. from 15 minutes to 20 minutes or more for state prisons). This time extension could reduce or remove the inmate's need for multiple or back-to-back calls to the same individual. Additionally, the overall per minute cost of the call would be reduced since the surcharge would be spread over additional minutes of use.

Example: A current 15 minute interLATA evening rated call of 100 miles has a total cost of \$6.30 (includes surcharge and per minute rate). This equals \$0.42 per minute. That same call lasting 20 minutes would cost \$ 7.65. This is a little over \$0.38 per minute, a per minute reduction of almost 10% or slightly less than \$0.04 per minute.

Today an inmate at a state facility wanting to talk to the same recipient for 20 minutes would be required to make two calls. Using the same 100 mile example above, these two calls would have a total cost of \$9.90 (including the per minute rate and two separate surcharges). This equals \$0.495 per minute. If the current inmate time limit were extended to 20 minutes, the per minute reduction in this instance would be almost 23% or slightly more than \$0.11 per minute.

Call restrictions - Revise the current system to restrict an inmate from repeatedly calling the same number (either a waiting period between calls, a limited number of calls per inmate per day, or a limited number of calls per inmate to a given number). While this

may not be a popular option for the inmates or families, it could result in lower telephone bills and lessen the financial burden on some families.

Revise the current system to allow call recipients to request an automatic block on calls from an inmate facility when a certain dollar amount (or number of calls) is reached per month.

Surcharges – Consider limits on applying surcharges to one per day per inmate, or one per day per inmate for each different number called.

Inmate education - Provide an educational packet to new inmates and each person on the “approved” call list. The packet should include information on the cost of calls, components making up the total cost of a call (surcharge and per minute rates), suggestions to maximize talk time (inmates/family have notes of topics/issues to be discussed during call to maximize talk time, take advantage of full 15 minutes), variation in rates between day, evening, and night/weekend calling periods, responsibility of the calling party and the called party.

Regulatory - Request that the State Corporation Commission exert authority over rates and charges for restricted access payphones provided to confinement facilities. The current state contract requires the contracted carrier to charge rates that do not exceed those of the “dominant” carriers. If the SCC Pay Telephone Rules were expanded to include inmate telephones,¹¹ the rates currently charged by MCI WORLDCOM would fall well below the maximum allowable charges. Therefore, if current regulation were

¹¹ There would certainly be security concerns if all the Pay Telephone Rules were applied to inmate calling (e.g. access to 800 calling).

expanded to cover inmate calls for state facilities, it would not result in a reduction. Further, if the SCC were to exercise rate authority and require reductions, this could result in a situation where no carriers would be interested in providing the service.

ALTERNATIVES TO THE CURRENT COLLECT CALL INMATE SYSTEM

Establish a debit or debit/collect inmate telephone system. Require VDOC and the Department of Information Technology ("DIT") to undertake a study similar to that performed by the California DOC¹² to implement a debit inmate telephone system ("debit system") similar to that system used by the Federal BOP. A debit system may prove to be cost effective and achieve cost savings in large prison facilities where the duration of confinement and volume of calls would be great. The federal debit system allows inmates to place direct dialed calls without a surcharge. Under this program the inmate budgets available funds between commissary needs and the need for contact via telephone with family and friends. Inmates may earn money for calls as well as family and friends having the option to deposit funds directly into an inmate's account. This places more financial responsibility on the inmate and, therefore, can lessen the burden on families. In addition, from a billing perspective since the calls are prepaid there is certainty of payment and virtually no uncollectables or bad debt.

The Staff of the Division of Communications met with Mr. Mike Atwood and Mr. David Woody of the Federal Bureau of Prisons in Washington, D.C. on September 26, 2000. We were given an overview of the federal inmate telephone system¹³ ("federal system")

¹² A copy of the CA DOC study is included as Attachment I.

¹³ Estimated number of inmates in the federal system is 125,000.

and background on the ten-year development and refinement process to get the system to its current state of operation. The federal system consists of two types of calls, direct dialed debit and collect calls.

The current federal system uses no tax dollars and is financially self-sufficient.¹⁴ While the federal system has various contracts with vendors (DynCorp, Value Added Communications), many functions of the system, such as the management of inmate accounts, are handled by federal employees.¹⁵

Inmates have the ability to make direct dialed calls with the cost of such calls being debited directly from their telephone account. Currently, direct dialed calls are rated at \$.04 per minute for local calls and \$.15 per minute for long distance calls. There is no surcharge.¹⁶ Approximately ninety-two percent (92%) of inmate calls are direct dialed. Since the cost of the call is subtracted directly from the inmates' account, the responsibility of paying for the call has been shifted from the recipient, as with collect calls, to the inmates. Inmates are paid an hourly wage for assigned work; these funds are deposited directly into the inmate's account.¹⁷ Additionally, families and friends may

¹⁴ The federal system uses an inmate trust fund for revenues from the commissary and inmate telephone system. All expenses and salaries associated with the inmate telephone system are paid from this fund.

¹⁵ The federal employees working with the inmate calling telephone system are paid from revenues from that system.

¹⁶ While there is no surcharge on the direct dialed debit calls, there is a mark-up on the cost of the call. This revenue is paid to the inmate trust account. It was also discussed that the current per-minute rate for toll calls was based on a certain level of call volume. Based on a reduction in the overall call volume at federal facilities, the Federal BOP anticipates a rate increase will be needed in the near future.

¹⁷ The inmate has one main commissary account with the ability to transfer funds from that account into their telephone account.

make contributions to the inmate's account. While there are no monthly statements provided to the inmates on their calling on an ongoing basis, an inmate can request certain information, such as the balance of their telephone account. Federal inmates also have the ability to place collect calls (limited to 120 minutes per month).¹⁸ Interstate collect calls are rated at \$.40 per minute with a \$2.45 surcharge. Each inmate has an approved call list of 30 numbers with all calls limited to 15 minutes in duration.¹⁹

The federal system has a multitude of optional security, monitoring, regulating, and reporting functions that can be used on a facility by facility basis or even by banks of phones within a facility. The prisons have the ability to restrict all calls by an inmate, limit the number of calls an inmate can make in a day and set a minimum time limit between calls. Under normal circumstances there is no limit on the number of calls an inmate can make in a day but there is a waiting period between calls.

The states of Colorado and Tennessee have implemented inmate debit telephone systems in state facilities. While there was very limited information available on the Tennessee system, the Colorado system took six months to implement and has been in operation for nine years.²⁰ Today, 57% of all inmate calls in Colorado are placed using the debit system. Colorado uses a total of 8½ employees to operate the state inmate telephone system for 15,000 inmates. Unlike the federal inmate system that does not provide any type of statement to the inmate, the Colorado system provides monthly statements of all

¹⁸ The system receives a commission of 60% on all collect calls.

¹⁹ Covers both direct dialed calls and collect calls.

²⁰ Colorado has contracts with Value Added Communications ("VAC") and MCI. Like the federal inmate telephone system, Colorado uses a trust and is financially self-sufficient.

direct dialed calls. Local calls are \$1.25, with intrastate calls being mileage sensitive with a \$1.25 surcharge. The CO DOC is in the process of negotiating for a flat intrastate rate that will be effective 24 hours a day, seven days a week.²¹ The only problem voiced by Colorado was the limited number of vendors in the inmate debit industry.²²

While VDOC has voiced concerns over the management of a debit inmate calling system, we believe the operation could be handled by DIT as previously recommended in the JLARC study.

Local or regional facilities should consider use of prepaid cards. While local and regional facilities would not necessarily have the duration of inmate stays, volume of calls, budget, or staff required to make a Federal BOP type system work, there may be other prepaid alternatives. As most local or regional facilities do not require the number of security features (example, approved calling list) required at long term facilities, a simplified prepaid system could be an option. Prepaid calling²³ cards offered by the current inmate phone service provider could be sold by the facility personnel or through vending machines. These cards could be purchased by the inmate during the booking process (when the inmate still may have access to money and/or credit cards), through a commissary, or by family and/or friends and given to the inmate during visitation. This alternative would still allow the local or regional facilities to be paid commissions on

²¹ They suggested that the flat rate per minute rate would be in the range of \$.19 - .20 with the continued surcharge of \$1.25.

²² Per Colorado only two vendors offer debit inmate calling, VAC and Global Tel Link.

²³ As a security and safety measure the prepaid cards could be paper instead of the standard plastic.

dollar amount/number of cards sold. As with the debit system discussed above, the provider is certain of payment and there are virtually no uncollectables or bad debt.

Alternatives which do not appear to have the ability to provide the continued maximum security and safety for the individual facility and the general public.

There are a number of other potential alternatives to the current inmate telephone system. Commercial collect (800-COLLECT, 800-CALL ATT, etc.), prepaid calling cards (prepaid calling cards purchased convenience/discount stores etc.), ability to direct dial calls, the use of personal 800 numbers, and multiple carriers competing within an inmate facility are some alternative services which are available to the general public. While on the surface many of these services may be seen as an option for inmate calling at state, local, or regional facilities, they appear to present increased financial risk and potential security problems for the facilities. All, at first glance, may seem to have the advantage or potential for lower cost, more choice, and/or control for the called parties. However, none of these options, as currently available, possesses the ability to provide continued security and safety for the facilities or the general public. Additionally, some of these options would fully circumvent all security measures such as approved calling lists, branding, tracking and screening of calls, and call limitations. Furthermore, many of these options, if implemented, could result in increased fraud and harassment, as well as increased uncollectables and collection expenses.

IV. RECOMMENDATIONS

This study evaluated numerous modifications and alternatives to the current collect call inmate system. Of those, we believe there are two which hold the most promise for allowing reductions to calling rates. First, the Legislature should consider requiring the reduction or elimination of the commissions that VDOC or other inmate facilities may collect from the inmate telephone system provider. Any reduction from the current commission level should be passed through to users by reducing the current applicable intrastate and interstate charges or surcharges. Second, we suggest that VDOC and DIT undertake a study to evaluate the feasibility and cost of implementing a debit inmate telephone system in state facilities. This should include feasibility of whether local and regional facilities could be included in such a system.

ANALYSIS OF THE FEDERAL BUREAU OF PRISONS INMATE TELEPHONE SYSTEM AND APPLICABILITY TO THE CALIFORNIA DEPARTMENT OF CORRECTIONS

EXECUTIVE SUMMARY

All California State Prisons have pay telephones that inmates, in certain privilege groups, can use to call family and friends. This Inmate Security Telephone System allows collect calls only. It is installed and operated by private vendors under a contract administered by the California Department of General Services (DGS). In response to complaints from inmate families about the rising cost of the collect calls, the Governor's Office asked the DGS and the California Department of Corrections (CDC) to examine alternative ways for reducing the cost of the inmate collect calls. One of the alternatives examined is conversion to a system similar to the Federal Bureau of Prisons (BOP) Inmate Telephone PIN/Debit System, which provides both direct dial and collect calls at a lower cost. The CDC conducted a review of this federal system to determine the potential cost benefit and feasibility of transitioning to a similar system in California prisons. The following is a summary of the findings.

For comparison, the BOP has 96 prisons, 31,335 employees, and approximately 124,380 inmates. California has 33 prisons and 38 camps, 45,976 employees, and approximately 160,000 inmates. The BOP extends telephone privileges to all inmates with very few exceptions, and has a telephone-to-inmate ratio of 1:26, with a monthly average of 242 called minutes per inmate. The CDC has privilege groups with only *one* group having unlimited telephone calls during nonworking hours. The number of inmates in this privilege group is roughly equivalent to the entire BOP inmate population. The CDC's ratio of telephones to inmates is approximately 1:70, with a monthly average of 76 call minutes per inmate.

The BOP has transitioned from a collect call system similar to California's system to one that provides both direct dial and collect calls. In the federal system, the costs of direct dial calls are debited "real time" from the inmate's trust fund account. To ensure accuracy, the BOP issues a Personal Identification Number (PIN) to each inmate which ties directly to their trust fund account. Currently, about 93 percent of the calls that inmates make are direct dial and 7 percent are collect. Indigent inmates can only make collect calls. The federal system has all the security features California currently has; i.e., branding, recording, real time monitoring, etc., as well as additional desirable features such as third party call detection, frequently dialed number report, approximately 25 investigative reports, etc. It has taken the BOP approximately five years to transition to this system.

The key to the success of the federal system is that it is fully integrated into a standardized automated trust fund accounting and inventory system. California does not have a similarly automated system and could not implement a PIN/Debit system without it. The basic task of developing the required connectivity alone will be very lengthy because California prisons are not on a network. Also, because of the importance of maintaining a high degree of reliability, functionality, and public and staff safety, CDC would have to fully assess security issues, costs, staffing, impact on current prison operations, as well as the impact to inmates before developing a similar system.

EXECUTIVE SUMMARY (CON'T)

The cost of both the direct dial and the collect calls are significantly cheaper than the current cost of California collect calls. The BOP's average 15 minute, long distance, direct dial call costs \$2.25 and a local direct dial call costs \$.60. Through the current State of California Pay Telephone Contracts, the average inmate family's cost for a 15 minute, intra-state, inmate collect call is \$7.50 (including surcharge), and a local collect call average is \$4.90 (including surcharge).

All of the federal government's direct dial calls are routed over the Federal Telecommunications System (FTS), which is similar to the State of California's telephone services provided through the California Integrated Information Network (CIIN). The inmate telephone system is one of the largest users of the FTS; with inclusion of the inmate telephone calls, the cost of all calls processed over the FTS has decreased dramatically. It is unknown at this time, if California could route all inmate calls over the CIIN and/or experience a similar side benefit of a reduction in the cost of all CIIN calls.

The federal PIN/Debit system requires more staff than a collect call system primarily because more administrative processes and oversight are required: i.e. managing calling list changes, PIN applications, etc. The federal system has approximately ten staff responsible for the bureauwide administrative functions and 1.5 staff responsible for the overall local administrative functions in each prison for a total of 154 staff. The CDC estimates that operating a similar system in California prisons would require ten staff for the Departmentwide administrative functions, and 2.5 staff for the overall ongoing local administrative functions in each prison for a total of 92.5 staff. In addition, CDC would require approximately 12 staff for the planning and development of the system prior to implementation.

The federal system generates enough revenue to pay for the annual \$26.8 million cost of the system and realizes an annual *net* revenue of \$26 million. The BOP experienced an increase in direct dial calls when the costs of calls were reduced after implementing the PIN/debit system. The CDC estimates that a similar system in California prisons would cost approximately \$10.8 million annually and generate approximately \$10.5 million in annual *net* revenue. Planning and development costs are estimated at \$1 million annually. It is conceivable that California may experience the same increase in calls with direct dialing capabilities that the BOP experienced which could increase the net revenue.

CONCLUSION

The Federal BOP Inmate Telephone PIN/Debit is an efficient, fully automated, security-conscious system that has reduced the cost of inmate calls dramatically. However, it has taken the Federal BOP approximately five years to fully transition this system to all prisons. *The system could provide benefits to California, but not immediately.* Additional study would be needed to develop a comprehensive needs assessment and implementation plan. With the exception of the high cost of collect calls, the current CDC system provides the necessary service to the inmates and their families and is operating well in the prisons. It is recommended that the State consider other options for lowering the cost of calls that could be implemented sooner. However, the state should continue to examine the PIN/Debit system as a prison management, security, and investigative tool, and as a long-term solution to the high cost of collect calls.

ANALYSIS OF THE FEDERAL BUREAU OF PRISONS INMATE TELPEHONE SYSTEM AND APPLICABILITY TO THE CALIFORNIA DEPARTMENT OF CORRECTIONS

INTRODUCTION:

All California State Prisons have pay telephones that inmates, in certain privilege groups, can use to call family and friends. This Inmate Security Telephone System allows collect calls only. It is installed and operated by private vendors under a contract administered by the California Department of General Services (DGS). In response to complaints from inmate families about the rising cost of the collect calls, the Governor's Office asked the DGS and the California Department of Corrections (CDC) to examine alternative ways for reducing the cost of the inmate collect calls. One of the alternatives examined is conversion to a system similar to the Federal Bureau of Prisons (BOP) Inmate Telephone PIN/Debit System, which provides both direct dial and collect calls at a lower cost.

DESCRIPTION OF THE FEDERAL BUREAU OF PRISONS PIN/DEBIT SYSTEM

The BOP began the process of installing a Federal Inmate Telephone PIN/Debit System (ITS) ten years ago. The original ITS was primarily a debit system, with very limited collect calling capability. In 1995, under a court mandate of *Washington vs. Reno et al.*, the BOP made the ITS a dual system which offered both debit and collect calling capabilities. The BOP is currently replacing the original ITS with an ITS-II system which has both capabilities. As of this report, the BOP estimates that all federal prisons will have the ITS-II within the next three months. The ITS-II system provides inmates with outbound telephone services and provides the BOP with the means to ensure the proper and lawful use of this system by inmates. The following is a list of the systems' components.

- Centralized database, network based management system that provides support, network startup, maintenance, monitoring, and operations.
- The ITS-II is the database setup for all trust fund debits which includes the commissary and the ITS.
- There is one standardized database system for all BOP facilities, which is configured independently at each prison.
- The BOP utilizes a Wide Area Network (WAN) to provide connectivity among the ITS-II systems at the prisons and to support capability for systemwide administrative operations and functions (See Attachment A for schematic).
- The federal system's telecommunications' capabilities provide outbound direct dial and collect calling services to inmates and administrative/security capabilities to BOP personnel.

DESCRIPTION OF THE FEDERAL BUREAU OF PRISONS PIN/DEBIT SYSTEM (CON'T)

- All inmate long distance direct dial calls within the United States and Puerto Rico are routed over the Federal Telecommunications System (FTS) circuits provided by the BOP. These costs are borne by the revenue from the federal system.
- Collect calling services are fully automated and do not involve the use of a "live" operator at any stage of a collect call.
- Administrative, system support, and training capabilities are located in the BOP Central Office in Washington, D.C., and in Aurora, Colorado.
- The Central Operation Facility (COF) is located at the contractor's site in Texas and an alternative COF is located in Virginia (similar to our having an Emergency Operations Center [EOC] and an alternative EOC for the telephone system).
- The original ITS equipment was purchased by the BOP with existing commissary funds.
- The ITS-II system is *vendor-owned* which includes all equipment, installation, and maintenance costs.
- 85 percent of the inmate calls are interstate; 15 percent are local and international.
- The BOP's current overall ratio of inmate telephones to inmates is 1:26.

HOW DOES THE PIN WORK AND WHAT IS ITS PURPOSE?

The Personal Identification Number (PIN) is a randomly selected, nine-digit number, by the ITS-II system that is unique to each inmate. The PIN is tied directly to an inmate's individual trust account and their preapproved telephone numbers list. The PIN is the only identifier through which an inmate can access their ITS-II account.

- Prison staff input inmate profile information into the ITS-II system on all new federal inmates creating a separate and individual inmate trust account.
- The inmate receives a random, nine-digit PIN number that stays with them throughout their incarceration. The inmate submits a list of up to 30 telephone numbers for approval.
- The PIN identifies if an inmate possesses an active ITS-II account.
- The PIN allows for customized applications for individual inmates (e.g., allows for only one specific telephone to be used, limits the number of times an inmate can call, etc.).
- Identifies the inmate when security staff are generating reports on potential abuse or illegal activity over the inmate telephone system.
- The inmate receives training at orientation on how to use the PIN and debit system.
- When an inmate is transferred to another prison, the PIN and telephone list becomes a part of the file transferred.
- The inmate's PIN number can be used at all prisons where the inmate is housed. This allows the inmate to place collect calls immediately upon arrival at the new prison.
- The inmate's account remains the responsibility of the prison where the inmate came from until the staff at the new prison changes the inmate's prison assignment.
- No financial transaction is conducted on the inmate's account except by the prison where the inmate account is designated.

HOW DOES THE PIN WORK AND WHAT IS ITS PURPOSE? (CON'T)

- The trust fund technician, at the prison where the inmate resides, has the responsibility for changing and/or deactivating the inmate's account (e.g. work group changes, suspension put on telephone access, inmate release from prison, updating inmate's calling parameters, changes to approved calling list, etc.).
- The inmate's PIN number is not reissued for ten years. If an inmate is reincarcerated within ten years, they will utilize the same PIN number.
- There are no documented security issues regarding the use of the PIN as a "commodity" among inmates since the implementation of the PIN/Debit system.

HOW DOES THE DEBIT WORK AND WHAT IS ITS PURPOSE?

When an inmate places a long distance direct dial call, the system is capable of debiting their ITS-II account automatically and in real time as the call is taking place. The system also allows the inmate to transfer funds from their commissary account to their ITS-II account for long distance direct dial calls via the telephone.

- The inmate is required to input a PIN and a valid telephone number for a call to be processed.
- The inmate can place only one call to one telephone number after entry of their PIN number.
- The system uses the PIN to determine whether the inmate possesses an active ITS-II account.
- If there is no account, the system generates an error message to the inmate and aborts the call.
- If the inmate has an active account, the system performs all required administrative checks necessary to process the call (e.g., PIN and called number correlate, inmate has sufficient funds to complete at least a two minute call, etc.).
- If any administrative checks fail, the call is denied and a descriptive message is given to the inmate indicating why the call was denied.
- Neither the inmate nor the called party can speak to, or hear the other party, until after the prerecorded "branding" is completed and the call has been accepted.
- Call charges for inmates do not begin until the called party has accepted the call.
- At no time does the system allow a negative balance in the inmate's ITS-II account.
- The call record detail is updated, along with the balance, on a real time basis and is available for reviewing by security staff immediately after the call is completed.
- Prior to the system terminating a call due to expiration of time limits or exhaustion of funds, the inmate will be informed at 60 and 30 seconds prior to the impending expiration.
- Call charges stop when either the calling or called party hangs up.
- If an inmate hangs up or otherwise terminates the call setup prior to called parties' acceptance, no deductions will be made against the inmate's account.

ACCOUNTING DATABASE

The Federal Prison Point of Sale (FPPOS) System is the accounting and inventory software package used to maintain inmates' commissary accounts, commissary inventory, and includes all inmate trust fund debits (commissary and ITS). The FPPOS commissary accounts are the *source of funds* for inmate accounts in the ITS-II system.

- Inmates can purchase commissary items that are approved by the warden at each prison. The requested items are sold to the inmates and the funds are immediately deducted from the inmate's commissary account.
- The FPPOS system and ITS-II must interact to exchange accurate credit/debit information between systems.
- The FPPOS is a standardized system and is operated on an independent Local Area Network (LAN) at each prison.
- The BOP Central Office in Washington, D.C., is capable of accessing all FPPOS LANs at each prison through the ITS-II WAN.
- The system can provide inmates with their ITS-II and commissary account balance information, along with the capability of transferring funds from their commissary accounts to their ITS-II accounts in whole dollar amounts via the telephone.
- Each prison has its own FPPOS database, which is backed up daily.
- When the inmate's call is completed, the call record data is replicated at both the Central Operation Facility (COF) and the alternative COF located in Texas and Virginia.
- The ITS-II system archives all inmate data at both COFs.
- The BOP keeps all inmate data for ten years, which includes the call record, PIN and accounting information.
- The system has several categories for management of the inmate ITS-II account:
 - ☐ The Inmate Account Information.
 - ◆ Inmate's registered number, name, prison, living unit, language, telephone restrictions, telephone list, number of times an inmate is allowed to transfer funds between accounts per day or week, etc.
 - ☐ Financial Transaction Information
 - ◆ ITS-II maintains a detailed audit record of every financial transaction made to an inmate's account and at which prison the transaction occurred.
 - ◆ Throughout the duration of a call, the ITS-II tracks time and status information regarding the call.
 - ◆ All information related to an inmate's financial transactions is immediately and automatically updated so that at all times the integrity of the account balance can be verified against the financial transactions detail audit record for that account.
 - ☐ Telephone Call Record Information
 - ◆ All calls generate a call record that can be accessible and available for reporting, analysis, or reviewing immediately upon termination of the call.
 - ◆ Call records are stored on the servers' hard drive for 12 months at the prison and archived at the COFs for ten years.

STAFFING, OPERATING COSTS AND REVENUE

The Trust Fund Branch is a component of the BOP's Central Office located in Washington, D.C. The Trust Fund Branch has approximately 30 employees including the Inmate Telephone Section and provides management and services to the BOP consistent with maintaining stability and financial integrity of the trust fund and inmate deposit fund. This branch oversees the operation of the BOP's commissary, ITS, warehouse, laundry, and clothing issue operations for approximately 124,538 inmates and prisons.

The operating costs are based on line, trunk, and WAN costs. Revenue is based upon the volume of calls made by the inmates.

- The Inmate Telephone Section is responsible for the Bureauwide and on-site implementation of the ITS-II including development of policy and procedures, oversight of daily operations, compile data on inmate use of the system, reconcile financial activities, training, and continuing technical support. Staff resources are as follows:
 - One Communications Supervisor
 - One Trust Fund Supervisor
 - Four Communications Technicians
 - Four Trust Fund Analysts
- Trust fund technicians at the prisons are responsible for creating, changing, and deactivating inmate accounts; updating inmate calling parameters; generating and analyzing call records, training the inmates on how to use the ITS; and other necessary local administrative functions. Changes to an inmate's calling list are submitted from the inmate via his counselor. The counselor verifies the information and submits the signed, authorized change to trust fund technicians. Staff resources are as follows:
 - One half of a Trust Fund Supervisor per prison.
 - One Trust Fund Technician per 2,000 inmates at each prison.
 - Total cost of Inmate Telephone Section staff, including Central Office and prison staff, is approximately \$7.5 million annually.
- The BOP runs their long distance calls over the FTS with inmate telephones being the largest user. These costs are borne by revenue from the federal system deposited into the inmate trust fund.
- Operating costs, which include, FTS per minute cost, line, trunk and WAN costs are approximately \$19.3 million.
- Federal system is self-supporting.
 - Total staff and operating expenses were \$26.8 million.
 - Per BOP, last year's *net* profit from the federal system was approximately \$26 million.

RATE STRUCTURE METHODOLOGY

Rate structure for the PIN/Debit system is based on a direct dial methodology.

- 85 percent of inmate direct dial calls are interstate (state-to-state) and 15 percent are local and international.
- The BOP realized an increase in the inmate's telephone usage with direct dial in comparison of their previous collect call system.
- The minority of inmates make the majority of calls.
- All inmates are limited to 120 minutes per month for collect calls and have unlimited minutes for direct dial calls.
- Inmate direct dial charges are separated into three categories and rates: long distance at 15 cents per minute; local at 4 cents per minute; and international which charges vary from country-to-country.
- Average number of direct dial minutes, per inmate, per month is approximately 242 minutes.
- Approximately 7 percent of all calls are collect.
- The inmate's cost for a collect call includes a \$2.45 surcharge with a \$.40 a minute rate, based on the residential rate as of February 1998.

TRAINING

The BOP Central Office staff provided training during the installation of the ITS-II. The contractor did not train the inmates or custody staff.

- Original training for the inmates on the ITS-II PIN/Debit system is performed during orientation at the prisons, as well as, on an ongoing basis.
- The trust fund technician(s) at each prison make themselves available during the inmate's mealtimes to answer questions from inmates regarding the system and how it operates.
- During installation, the BOP Trust Fund Branch, Inmate Telephone Section, provides one Trust Fund Analyst and one Communications Technician to perform training at each prison.
- Future training will become part of the curriculum of the BOP training facility in Aurora, Colorado.

SYSTEM CHANGE OUT

The BOP is currently in transition of changing out the original ITS to the ITS-II system. A change out project typically takes six to nine months.

- Schedule of installation was developed utilizing Microsoft Project.
- The BOP sends a standard memorandum from the director to wardens of the prisons installing the ITS-II system, describing the inmate's concerns and benefits of the program.
- One communications technician from central office performs site surveys at each prison.

- Six weeks prior to installation staff at the prison begin "keying" inmate-related information into a data input device supplied by the contractor.

SYSTEM CHANGE OUT (CON'T)

- Flyers are posted to notify staff and inmates of upcoming upgrade from ITS to ITS-II.
- Headquarters' Communications Technician and Trust Fund Analyst develop individual installation checklists.
- Actual installation of ITS-II system takes approximately one week.
- Most difficult issues during implementation includes:
 - Informing the inmates of the change.
 - Training inmates and staff.
 - Talking to the inmates regarding their concerns.
 - Prepare prison for installation of system.
 - Service to Site installation from local exchange carriers.

SECURITY

The process to enact the safety and security features of the BOP PIN/Debit system starts when the inmate enters into a prison and receives a PIN number. There are three areas of security concern regarding the ITS-II system: User Security Level, Integrity and Security of the Inmate Trust Fund, and Security Regarding Inmate Calls.

User Security Level

- The system provides secure, multilevel database access control configurations with definable user levels.
- The BOP Central Office personnel have the highest access level as well as define the lower levels of access (screen view capability, menu functions, data input capability, query capability, etc.). Consistency of access is maintained at all prisons.
- The BOP creates the trust fund supervisor user access level at all prisons.
- The trust fund supervisor creates users for all other access levels at that prison and has control over all users and passwords within the assigned prison.

Integrity and Security of the Inmate Trust Fund

- The system can generate reports that assist in the overall accountability of the financial transactions and statements generated by the inmates (Telephone Account Statement Report, Transferred Telephone Accounts Report, Reconciliation Report, etc.).

Security Regarding Inmate Calls

- The system can generate numerous reports using a multitude of different parameters to allow for more enhanced intelligence gathering, increase security, and conceivably reduce the amount of drugs going into prison and lower violence. A few of the reports are: Frequently Dialed Number Report, Telephone Number Called By More Than One Inmate Report, Alert Notification Report, Extra Dialed Digit Report, etc.

- All calls are "branded."
- All calls have an intermittent random overlay during the conversation, identifying that the call is from an inmate at a prison and is being recorded.

SECURITY (CON'T)

- Numbers can be blocked for all inmates at a prison. Telephone numbers may be blocked even if identified on the inmate's approved list.
- All calls are recorded and subject to "real time" monitoring.
- Ability to enable/disable telephones on an individual, cellblock, or prison basis.
- Ability to customize applications from inmate to inmate (allow only one specific telephone to be used; limit the number of times an inmate can call, etc.).
- Ability to limit date, time, and duration of call.
- Ability to monitor each telephone call or multiple telephone calls simultaneously. Ability to identify who was called, who made the call, what time call was placed, and what telephone was used.
- Ability to monitor from different locations simultaneously such as the local housing unit, Investigation Security Unit, Central Office, etc.

RECAP OF FUNCTIONING SYSTEM

- The BOP has a standardized database system for all BOP facilities. Each system is configured independently.
- The BOP utilizes a WAN to provide connectivity among the ITS-II systems at the prisons and to support capability for systemwide administrative operations and functions.
- New inmates receive their random PIN number when they enter the BOP system and it stays with them throughout their incarceration.
- The ITS-II system debits the inmate's account automatically and in "real time" as the call is taking place.
- The FPPOS accounting database includes all trust fund debits (commissary and the ITS).
- Inmates can access their account via their PIN to transfer funds or verify their account balances using the inmate telephones.
- The system provides the ability to have continuous, ongoing, daily changes to the activity of inmates' calling list, calling parameters, etc.
- The BOP estimates completion of all change outs within three months.
- The federal system is self supporting with an annual staff and operating costs of \$26 million.
- Last year the federal system generated \$26.8 million in *net* revenue.

APPLICABILITY OF FEDERAL PIN/DEBIT SYSTEM TO CALIFORNIA DEPARTMENT OF CORRECTIONS

Description of California Department of Corrections' Inmate Security Telephone System

The current California Inmate Security Telephone System (ISTS) is a collect call only system that is outsourced via a DGS administered Master Contracts to two vendors. The ISTS ensures all calls are "branded" as to their origin when initiated and at random intervals during the conversation. Inmate calls are recorded and are limited in duration to a maximum of 15 minutes

Description of California Department of Corrections' Inmate Security Telephone System (Con't)

per call. Inmate calls are automatically terminated and are subject to "real time" monitoring. If calls are deemed inappropriate, they can be disconnected by the Officer monitoring the call. Currently, CDC is utilizing specialized security telephone equipment in the management of inmate telephone calls. The equipment is provided and maintained by the vendors at no cost to the State.

As previously discussed, the federal system uses a PIN/Debit system with direct dial charges immediately debited from an inmate's trust fund account. The discussion below identifies potential issues in the applicability of this system to CDC. **A complete needs assessment is required for actual resource identification.**

MAJOR ISSUES

- ☐ Lack of Database System
- ☐ Staffing and Cost To State
- ☐ Inmate Trust Fund Account vs. PIN/Debit System
- ☐ Implementation
- ☐ New Request For Proposal (RFP) with PIN/Debit Direct Dial and Collect Calling
- ☐ Training
- ☐ Category and Population of Inmates
- ☐ Policy

LACK OF A DATABASE SYSTEM

Currently, there is no centralized and/or local database system in place at Headquarters or in the prisons to implement a PIN/Debit system. Based on the federal system, CDC would be required to utilize a standardized accounting/inventory database to implement a PIN/Debit system.

Applicability: To apply the federal PIN/Debit system to CDC, a standardized Trust Fund, Accounting/Inventory System must be developed to ensure "real time" debits of all inmate trust fund activity.

- Feasibility Study Report (FSR) must be developed.
- A local and centralized accounting and inventory database system must be developed and include all trust fund debits (restitution, canteen, federal and state filing fees, medical copayments, child support orders, any special canteen purchases, etc.). Manual and automated debit system in place at the same time would create the possibility of an inmate overspending in one account.

- All prisons must have an operational LAN.
- A WAN would be required for connectivity to the LANs as required by the federal ITS-II system.
- Must determine location of database backup storage facilities (Galt, Teal Data Center, vendor's site, etc.).

STAFFING AND OPERATIONAL COSTS TO THE STATE AND POTENTIAL REVENUE

Currently, there is no designated staff to develop, implement, and provide ongoing support to a PIN/Debit system.

Applicability: Staff is required for implementing the PIN Debit system and to administer the system on an ongoing basis in all prisons and in Headquarters.

- Modify current office structure to include technical, accounting, operations and information systems staff to plan, develop, install, train, and troubleshoot the PIN/Debit system.
- Headquarters would require approximately 12 staff to perform needs assessment; assess security issues and impact on prison operations; and plan and develop a complete, fully automated inmate telephone PIN/Debit system.
- Based on the federal ratio of one prison staff to every 2,000 inmates, a total of 80 staff would be required to administer the PIN/Debit system in 33 prisons. (Current inmate population is approximately 160,000 divide by 2,000 = 80.)
- Each prison would have approximately two staff (80 divided by 33 = 2.5). Staff would be responsible for creating, changing, and deactivating inmate accounts; updating inmate calling parameters; generate and analyze call records; training the inmates on use of the system; and other necessary local administrative functions on a day-to-day basis.
- Using the BOP's Central Office staffing as a baseline, the number of Headquarters' staff required for oversight of daily operations, compile data on inmate use of the system, reconcile financial activities, training, and continuing technical support is approximately ten.
- There is a potential impact to the Correctional Counselors I workload, although impact is unknown at this time. The impact would be identified during the system development phase.

Estimate Cost and Revenue to State:

Estimated Planning and Development Cost is Between \$500,000 and \$1 Million (until completion of RFP)

- Information Systems Division (ISD) (approx. 7 staff x \$60,000*) = \$420,000
- Telecommunications and Accounting (approx. 5 staff x \$60,000) = \$300,000
- System development and needs assessment may require a consultant. Estimate cost is \$100,000 - \$250,000.

* - The PIN/Debit System requires higher level of analytical ability (Associate Governmental Program Analyst and Associate Information System Analyst) than current CDC Trust Fund System utilizing an Accounting Clerk II.

Estimate Implementation, Ongoing Support and Operational Cost is between \$9 Million and \$11 Million annually (staff required once RFP is completed)

- Headquarters and prison staff (approx. 90 staff x \$60,000) = \$5.4 million (may also require management structure to support additional staff. Estimate could reach \$6 million).
- Operating costs include approximately 3-T1 lines and trunks per prison, WAN costs, etc., are estimated at \$4 million to \$5 million annually.

STAFFING AND OPERATIONAL COSTS TO THE STATE AND POTENTIAL REVENUE (CON'T)

*Estimated Potential Net Revenue is Approximately \$10.5 Million annually**

- Based on the BOP federal system methodology and costs applied to CDC's inmate telephone usage, the State's revenues and costs are estimated as follows:

\$21,354,862	Estimated Gross Revenue Annually
<u>10,839,210</u>	Less Estimated Annual Staff and Operation Costs
\$10,515,652	Estimated Annual Net Revenue

* - See Attachment B for detailed analysis

CURRENT INMATE TRUST FUND VS. PIN/DEBIT SYSTEM

The current inmate trust fund is an antiquated, locally automated system with manual processes for the movement of inmates. Each prison has its own stand-alone Distributed Data Processing Systems (DDPS) which include the Inmate Trust Accounting System. Trust account staff manually input all of the inmate's debits and credits. There is no centralized database. When an inmate transfers from one prison to another, the process of transferring their account is done manually.

- Trust account positions equate to inmate population (ratio is one trust account person per 640 inmates).
- As of November 1999, the cost to administer inmate trust funds for 150,314 inmates was approximately \$7,812,541 annually. This cost includes trust accounting personnel at prisons, Headquarters, and ISD staffing, plus the checks and receipts of trust office supplies.
- Currently, it takes two to three days per week, three weeks per month to process the canteen workload (this does not include returning inmates).
- Other workload involves manually debiting restitution, federal and state filing fees, medical copayments, child support orders, and any special canteen purchases (televisions, radios, etc.).
- Currently, there is a backlog of enhancement requests to the current database systems.
- Additional areas that are currently being hampered and are considered low priority are postage charges, deadlines for holds are not being met, etc.

Applicability: In order to implement the PIN/Debit system for prepaid inmate telephone calls, the current Inmate Trust Accounting System must be replaced with a fully automated accounting and inventory system that includes all inmate trust fund activity. The system must be standardized and connected to the current DDPS system.

IMPLEMENTATION

Because of the importance of the PIN/Debit system, a high degree of reliability and availability of services to the inmates is required. **The BOP has been transitioning this system into all federal prisons since 1995 and will be completed within three months.**

IMPLEMENTATION (CON'T)

Applicability: The timeframe to implement a PIN/Debit System statewide is unknown at this time.

- A needs assessment must be performed on all aspects of the PIN/Debit system for prisons, camps, Law Enforcement Investigation Unit, Headquarters, Accounting, etc.
- Identification of an accounting and inventory database system configuration, for both local and central operations.
- The FSR approval is required.
- A RFP must be developed.
- Establish a core group of staff to implement a PIN/Debit system (plan, develop, install, train, and troubleshoot). The core group must include technical, accounting, operations, and information systems staff personnel.
- Development of a project plan with timeframes and schedules.

NEW RFP WITH PIN/DEBIT DIRECT DIAL AND COLLECT CALL CAPABILITIES

The current statewide inmate pay telephone RFP has been cancelled and a new RFP must be developed for the inmate telephone system.

Applicability: A new RFP must be developed to include a PIN/Debit system with dual direct dial and collect calling capabilities.

- A bidding methodology must be developed (CDC could possibly utilize the federal RFP methodology, with modifications, to meet its specific needs and requirements).
- A FSR must be approved.
- The RFP would request that the vendor purchase, maintain, and install the PIN/Debit system equipment.
- Utilization of the California Integrated Information Network as the long distance carrier for inmates calling within California should be investigated.
- A RFP of this magnitude would take a minimum of 12 to 18 months to develop and bid.

TRAINING

Training of the PIN/Debit system for the implementation team, custody staff, and inmates would be a monumental undertaking requiring critical coordination with all prisons and Headquarters' staff.

Applicability: The list of personnel that require training:

- Implementation team for the PIN/Debit system.
- Ongoing administrators of the PIN/Debit system located at Headquarters.
- Inmates currently incarcerated in prisons, camps, and reception centers.
- Inmates new to the CDC system.

TRAINING (CON'T)

- Custody staff at 13 reception centers, 33 prisons, and 38 camps.
- Telecommunications staff at each prison.
- Investigations Security Unit at each prison.
- Law Enforcement Investigation Unit in Headquarters.
- Trust fund staff at each prison and in Headquarters.
- Correctional Counselors I at each prison.

CATEGORY OF INMATE AND POPULATION

The BOP and CDC differ in the management of inmates in regard to their telephone call usage.

The federal BOP system:

- Extends telephone privileges to all inmates with very few exceptions.
- Does not have any limitation on the number of times an inmate can make a long distance, direct dial call.
- The BOP prison population is approximately 124,380; CDC is approximately 160,000.
- The BOP has approximately 96 facilities, making the average inmate population per prison approximately 1,243; CDC has 33 prisons with an average inmate population per prison 4,879.
- The ratio of telephones to inmates is approximately 1:26; CDC's ratio is 1:70.
- The BOP average called minutes per inmate per month is 242; CDC's average called minutes per inmate per month is 76.

Applicability: The category of inmates that are incarcerated in CDC prisons could potentially have an impact on the PIN/Debit system revenue.

- The CDC has approximately 29 percent indigent inmates that do not have any money in their account. Where the 29 percent of indigent inmates are depicted in the categories below is unknown.
- Inmates are classified in privilege group categories ranging from A-D and U that specify when an inmate is allowed a telephone call.

Group A – Approximately 123,630 inmates; unlimited telephone calls during nonwork hours

- Group B - Approximately 5,472 inmates: one call per month - used for half-time workers
- Group C - Approximately 813 inmates: emergency only basis - used for inmates who refuse to work
- Group D - Approximately 4,527 inmates: emergency only basis - Administration Segregation or Security Housing Unit inmates
- Group U - Approximately 19,943 inmates: reception center - emergency calls only

CATEGORY OF INMATE AND POPULATION (CON'T)

- Average inmate population per prison is 4,879.
- The current ratio of telephones to inmates is 1:70.

POLICY ISSUE

Potential change in policy must be reviewed to address the restitution regulations, whereas the families could deposit funds into a telephone account without restitution being deducted.

- Currently, 40 percent of all inmates owe court-ordered restitution. Penal Code Section 2085.5 requires that 22 percent be deducted from any deposits made to an inmate trust fund account to cover restitution and associated administrative fees. Inmate families have expressed concerns with the potential of restitution deductions if funds were deposited into an inmate's account for telephone calls.

CONCLUSION

The Federal BOP Inmate Telephone PIN/Debit System is an efficient, fully automated, security conscious system that has reduced the cost of inmate calls dramatically. However, it has taken the federal BOP approximately five years to fully transition this system to all prisons. *The system could provide benefits to California, but not immediately.* Additional study would be needed to develop a comprehensive needs assessment and implementation plan. With the exception of the high cost of collect calls, the current CDC system provides the necessary service to the inmates and their families and is operating well in the prisons. It is recommended that the State consider other options for lowering the cost of calls that could be implemented sooner. However, the State should continue to examine the PIN/Debit system as a prison management, security and investigative tool, and as a long-term solution to the high cost of collect calls.